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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000198

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SUBJECT: TAIWAN OPPOSITION PARTY SEEKS TO EXTEND WINNING STREAK IN UPCOMING LEGISLATIVE BY-ELECTIONS

Classified By: AIT Pol Chief Dave Rank for reasons 1.4 (b/d)

¶1. (C) Summary: The opposition Democratic Progressive Party (DPP) hopes to extend its winning streak in four legislative by-elections on February 27. The party is strongly favored to win the one seat it previously held and is expected to be competitive for the three seats previously held by legislators from the ruling Kuomintang (KMT) party. A gain of one or more seats could provide further momentum to the opposition party, which has won a string of local elections in recent months after badly losing the presidential and Legislative Yuan elections in 2008. It also would underscore President Ma Ying-jeou's continuing difficulty uniting squabbling local party factions and inspiring traditional party supporters. No matter how many seats the DPP wins, however, it will not affect the balance of power in the Legislative Yuan, where the KMT has an overwhelming majority.

WHAT SHOULD BE A KMT CAKEWALK ISN'T

¶2. (C) By-elections on February 27 will fill four Legislative Yuan (LY) seats vacated by winners of county magistrate race in December. The opposition DPP is expected to hold its seat in southern Chiayi County, but the ruling KMT is expecting a tough time hanging on to seats in its strongholds of Taoyuan and Hsinchu counties in the north and Hualien county in the east. In each case local factional rivalry is expected to siphon off votes from the KMT candidates, some of whom are relatively unknown or have proven to be ineffective campaigners. Local media quoted President Ma, who also is chairman of the KMT, as saying he hoped to win at least two seats. One KMT source who correctly predicted his party would lose all three legislative by-elections last month said the DPP could win three of four seats now up for grabs. The opposition party also won a legislative by-election in September and had a strong showing in local elections in December.

HUALIEN: DPP CANDIDATE MAKES INROADS IN KMT STRONGHOLD

¶3. (C) Hualien is a huge county on Taiwan's east coast that is roughly equally divided between four groups: aborigines, Hakkas, descendants of settlers from Fujian province, and families who fled China six decades ago with KMT Generalissimo Chiang Kai-shek. The KMT usually can count on about 70 percent of the county vote; Ma got 77 percent in the 2008 presidential election. The KMT candidate in the by-election, however, is expected to garner far less support because traditional KMT voters are likely to support an independent challenger backed by the recently-elected and widely-popular county magistrate, Fu Kun-chi. Fu himself was kicked out of the KMT recently for defying the party and running a rogue independent campaign for magistrate. Fu

acknowledged problems with his candidate -- media reported he had a criminal record and had served a four-year prison term for murder -- but vowed to nonetheless spend "millions of NT dollars" (i.e., tens of thousands of USD) on last-minute advertising for him.

¶4. (C) The KMT candidate, an associate professor and son of a former county magistrate, has been, by most accounts, a listless campaigner. In contrast, DPP candidate Bi-Khim Hsiao -- a longtime AIT contact who is director of the party's Department of International Affairs -- has run what local journalists described as an excellent campaign. Young and energetic, she has tirelessly crisscrossed the county in search of votes. Whereas Fu and his candidate have campaigned for a new highway to help link the relatively remote Hualien with Taipei, a project that would take years, Hsiao has received plaudits for proposing that plane and train ticket prices immediately be cut in half to make travel to and from the region more affordable. Hsiao also has countered accusations she has no personal links to Hualien with the slogan: "Home is where the heart is." Her campaign has been devoid of the opposition party's flag, insignia and color -- her campaign literature is slathered in pink, not DPP green -- in recognition that her best chance is to campaign on her personality, not her party affiliation. A few days before the vote, Taipei-based pollsters thought the KMT would eke out a win, but Hualien-based journalists gave the nod to Hsiao if turnout was low.

TAOYUAN: DPP HOPES TO GAIN FROM KMT SPLIT

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¶5. (C) The KMT also is in danger of losing its seat in Taoyuan County's Zhongli City, where the KMT/DPP breakdown is roughly 65/35. As in Hualien, the KMT candidate Apollo Chen (a Taoyuan outsider) stands to lose some Blue votes to two independent candidates who failed to garner the KMT party nod but have deeper local ties. Two days ahead of the election, KMT Taoyuan County Secretary General Liu Jui-nan remained very nervous, noting to PolOff that a low voter turnout would hurt the party as it had in January, when the party surprisingly lost another Taoyuan legislative by-election. A post-mortem of that election indicated that voters who were disgruntled with President Ma stayed home. In contrast, DPP County Executive Director Hsieh Jui-ming was optimistic party candidate and Zhongli native Huang Jen-chu would win. A split Blue vote, Ma's poor performance, and a last-minute slander suit against Chen should give Huang the edge, Hsieh claimed to PolOff. Both KMT and DPP contacts maintained the race would be close, but local journalists have told us the DPP should prevail.

COMMENT: A TEST OF MA'S HOLD ON THE PARTY

¶6. (C) Perhaps the greatest significance of the by-election is what it will indicate about the political leadership of President Ma. He campaigned hard for all four KMT candidates, and losses would reflect poorly on his ability to energize the party faithful. A bad showing also would raise questions about Ma's judgement in selecting candidates and his ability to unite local factions behind his leadership going into crucial municipal elections and the 2012 presidential race. Meanwhile, a DPP sweep would be seen as a major victory for the opposition but may pay only short-term dividends. Pro-opposition scholar Lo Chih-cheng expressed concern to PolOff that a strong DPP showing could create expectations about the party's prospects in upcoming elections that would be hard to meet.

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